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Date: 12/16/2010

GAIN Report Number: GM0017

Germany

Post: Berlin

Germany adjusts accounting period for sustainable biofuel

Report Categories:

Bio-Fuels

Trade Policy Monitoring

Oilseeds and Products

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Report Highlights:

Germany has temporarily allowed a longer accounting period for sustainable biofuels and their feedstocks. This gives oil millers, biofuel producers, and fuel distributors more flexibility and allows sustainable rapeseed and rapeseed oil already sold into the food chain to be balanced with imported non-certified rapeseed. Practically speaking, companies can claim credit in the first half of 2011 for sustainable certified fuels/ feedstock used in 2010. The change does not affect the volumes of the mandates nor does it ease the requirements for sustainability certificates for biofuels and their feedstock.

General Information:

On December 13, 2010, Germany published an amendment to the administrative rule that governs the sustainability of biofuels. This amendment temporarily expands the maximum balancing period, per company and by feedstock, from three to twelve months. The derogation will expire on June 30, 2011.

Example A: In August 2010, an oil mill crushed 10,000 MT of certified sustainable rapeseed into 4,000 MT of rapeseed oil and sold 2,000 MT of the oil into the food chain. Previously, with a three months balancing period, this volume would have lost eligibility for the sustainable market. As a result of the amendment, the oil mill may now purchase 5,000 MT of non-certified rapeseed and balance this with the volume that went into the food chain. The system is origin neutral but feedstock specific; i.e. the company could import the 5,000 MT from anywhere but could not use soybeans or sunflower instead.

Example B: In September 2010, a petroleum oil company sold 10,000 MT of certified sustainable biodiesel. Certificates are only required as of January 1, 2011, and this volume would be “lost”. Due to the amendment, the company can now use these certificates for 10,000 MT of non-certified biodiesel sold in the first half of 2011.

The amendment is a reaction to complaints by the industry that there would not be enough certified sustainable feedstock available because large volumes of certified rapeseed were sold into the food chain in the second half on 2010. The German oilseed industry estimates that 90 percent of the German 2010 rapeseed production is certified sustainable. This translates into 5.2 MMT of rapeseed or 2.2 MMT of rapeseed oil. Filling the biofuels mandate requires 2.3 MMT of vegetable oil feedstock. In the past years, a feedstock mix of rapeseed oil, soybean oil, and palm oil, from various origins has been used. As of January 1, 2011, and until certified sustainable feedstock is available from other sources, Germany’s entire rapeseed crop, theoretically, would have go into biodiesel to meet the mandate, while rapeseed/rapeseed oil for the food sector would have to be imported. This recent amendment provides for a little more flexibility in the product flow within a company.

The amendment does not affect the volumes of the biofuel mandates nor does it ease the requirements for sustainability certificates for biofuels and their feedstock.

Background: The European Renewable Energy Directive 2009/28 (RED) requires that biofuels that benefit from a tax reduction or count towards a mandate must be produced from sustainable feedstock. Germany is the first EU member state to have transposed this into national law and requires a “proof of sustainability”-certificate starting January 1, 2011.

Related reports:

 Introduction of E10 may curb biodiesel consumption in Germany Bio-Fuels, Trade Policy Monitoring Berlin Germany 11/12/2010

The German Government has doubled to 10% the allowable amount of ethanol in gasoline. Starting January 1, 2011, E10, a gasoline mix of 90 percent gasoline and 10 percent bioethanol by volume, will be freely sold in Germany. This is expected to increase bioethanol demand and imports. However, because the overall biofuel mandate remains unchanged it is also expected that increase in bioethanol market share may reduce consumption of biodiesel in Germany.

[Introduction of E10 may curb biodiesel consumption in Germany Berlin Germany 11-09-2010](#)

Germany Extends Transition Period - POS Required for 2010 Harvest | Bio-Fuels, Trade Policy Monitoring | Berlin | Germany | 7/15/2010

Germany has extended the transition period for implementation of the sustainability certification requirement for biofuels and their feedstock from July 1, 2010 to January 1, 2011. Nevertheless, the majority of biofuels and biomass from the 2010 harvest will require a "proof of sustainability certificate" (POS) when exported to Germany. This report also provides links to certification systems.

[Germany Extends Transition Period - POS Required for 2010 Harvest Berlin Germany 7-8-2010](#)

| Status of Biomass Sustainability Certification in Germany | Bio-Fuels, Trade Policy Monitoring | Berlin | Germany | 3/15/2010

As of July 1, 2010, biofuels will need a "proof of sustainability" certificate from an approved sustainability system in order to be eligible for tax incentives or mandates in Germany. In order to be able to certify production, U.S. industry can work with an existing German certification system or develop its own system and have it approved in Germany. Information on requirements for approval of certification systems can be obtained from the German Federal Agency for Agriculture and Nutrition ...

[Status of Biomass Sustainability Certification in Germany Berlin Germany 3-11-2010](#)

| Reduction of German Biofuel Use Mandates Enter into Force | Bio-Fuels | Berlin | Germany | 8/17/2009

Legislation changing the existing German biofuel support law was published in the German Federal Law Gazette (Bundesgesetzblatt) on July 20, 2009. The changes include a delay in the energy tax increase on pure biodiesel, a reduction of the biofuel use mandates, and the exclusion of biofuels which previously received direct state aid from the German biofuels support benefits. The legislation entered into force on July 21, 2009, however, the reduction in the mandates and tax will be applied retroactively...

[Reduction of German Biofuel Use Mandates Enter into Force Berlin Germany 8-7-2009](#)

| Commission Communications on Sustainability and Voluntary Schemes | Bio-Fuels | Brussels USEU | EU-27 | 7/15/2010

In June 2010, the Commission published two Communications to encourage industry, governments and NGO's to set up certification schemes. One Communication concerns the practical implementation of the Sustainability Scheme, and the other concerning Voluntary Schemes and default values. In the Communications the Commission explicitly rules out that forests can be converted into palm oil plantations. Reactions from stakeholders in Brussels on the Communications have been generally positive.

[Commission Communications on Sustainability and Voluntary Schemes Brussels USEU EU-27 6-23-2010](#)

| EU Annual Biofuels Report | Bio-Fuels | The Hague | EU-27 | 6/29/2010

The EU as a whole is not expected to achieve its Directive 2003/30 target of 5.75 percent in 2010. Next year, blending is even expected to stagnate, mainly due to reduced biodiesel use in Germany. In contrast to biodiesel, bioethanol production and consumption is anticipated to trend further upwards during 2011 driven by the introduction of E10. The biofuel targets for 2020, laid down in the EU Energy and Climate Change Package (CCP), were adopted by the European Council on April 6, 2009. Th...

[Biofuels Annual The Hague EU-27 6-11-2010](#)